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UNCLAS ALMATY 000006

SIPDIS

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E.O. 12958: N/A

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SUBJECT: KAZAKHSTAN: SHKOLNIK ON NUCLEAR POWER INDUSTRY

1. (SBU) Summary: The Kazakhstani Minister of Energy spoke publicly on December 21 about the need for Kazakhstan to develop a domestic nuclear power industry. He cited Kazakhstan's enormous uranium reserves and significant experience with nuclear technology as factors in the decision. Although the government approved a nuclear power program in 2004, only \$12 million has been allocated from the national budget and the GOK has not yet chosen a reactor model. According to an Institute of Nuclear Physics representative, at least one U.S. model, Westinghouse's AP-600, is under consideration. End summary.

2. (U) Kazakhstan should develop a nuclear power industry by constructing nuclear power plants, Minister of Energy and Mineral Resources Vladimir Shkolnik told journalists in Astana on December 21. "Regardless of whether we want it or not, we are becoming aware of the need to develop the nuclear power industry. Kazakhstan will develop its nuclear power industry, because it possesses the largest uranium resources in the world, has mastered sophisticated technology for producing nuclear power plant fuel and recovering uranium, has more than 30 years experience operating nuclear power stations for different purposes, and has the necessary personnel," Shkolnik declared.

3. (U) Shkolnik added that Kazakhstan had not yet chosen the type of nuclear power plant it would build. This open question was delaying implementation of the nuclear power program approved in 2004. The 2004-2008 program is aimed at developing high nuclear technology and nuclear science and at improving nuclear power engineering safety and effectiveness. The program is to be financed partly from the national budget, from which about \$12 million has been allocated as of now. Additionally, about \$7.5 million is expected to be invested by private companies and investment funds.

4. (SBU) At a June 2005 conference on "Nuclear Power Engineering in the Republic of Kazakhstan," Gadlet Batyrbekov of the Institute of Nuclear Physics, National Nuclear Center, gave a presentation on the choice of a nuclear power plant for Kazakhstan. Criteria included maximum safety, long life (at least 60 years), minimum expense, and minimum importation from abroad. Batyrbekov said that both small and medium sized reactors were under consideration. Among medium-sized reactors, he mentioned the U.S. AP-600 and Canada's CANDU-6 as having certain advantages. Among small reactors, he listed the IRIS, Uniterm (Russia), Smart (Korea), and MRX (Japan) as the most attractive options.

5. (U) The government of Kazakhstan first announced plans to build a nuclear power station on the shores of Lake Balkhash in 1998. The cost was estimated at \$2 billion and the first unit was to begin operation in 2005. The government suspended the project, however, due to negative public response.

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